

21-1 PROBLEM

1. Recording transactions for plant assets

1.

CASH PAYMENTS JOURNAL										PAGE 1	
DATE		ACCOUNT TITLE	CHK. NO.	POST. REF.	GENERAL		ACCOUNTS PAYABLE DEBIT	PURCHASER DEBIT CREDIT	CASH CREDIT		
					DEBIT	CREDIT					
1		3 Office Equipment	168		10 000 00				10 000 00		
2	Feb. 26	Property Tax Expense	216		91 000 00				91 000 00		
3	Apr. 3	Store Equipment	275		44 600 00				44 600 00		
4											
5											
6											
7											
8											
9											
10											

5.

CASH RECEIPTS JOURNAL										PAGE 2		
DATE	ACCOUNT TITLE	CHK. NO.	POST. REF.	GENERAL		ACCOUNTS RECEIVABLE DEBIT	SALES CREDIT	SALES TAX PAYABLE		SALES DISCOUNT DEBIT	CASH DEBIT	
				DEBIT	CREDIT			DEBIT	CREDIT			
1	2016 Jan. 3 Accum. Depr.—Office Equip. R7			9 000 00							8 000	
2	Loss on Plant Assets			2 000								
3	Office Equipment				1 000 00							
4	June 29 Accum. Depr.—Store Equip. R171			3 465 00							1 075 00	
5	Store Equipment				4 460 00							
6	Gain on Plant Assets				8 000							
7												
8												
9												
10												

21-1 PROBLEM (continued)

5.

GENERAL JOURNAL

PAGE 2

DATE	ACCOUNT TITLE	DOC. NO.	POST. REF.	DEBIT	CREDIT	
20X6 June 29	Depreciation Exp.—Store Equipment	M69		33000		1
	Accumulated Depr.—Store Equipment				33000	2
	Adjusting Entries					3
Dec. 31	Depreciation Exp.—Store Equipment			1785000		4
	Accumulated Depr.—Store Equipment				1785000	5
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21-1 PROBLEM (continued)**2., 4., 6.**

PLANT ASSET RECORD No. <u>635</u>		General Ledger Account No. <u>1205</u>	
Description <u>Color Printer</u>		General Ledger Account <u>Office Equipment</u>	
Date Bought <u>January 3, 20X1</u>	Number <u>ZE532N34</u>	Original Cost <u>\$1,000.00</u>	
Estimated Useful Life <u>5 years</u>	Salvage Value <u>\$100.00</u>	Depreciation Method <u>Declining-balance</u>	
Disposed of: Discarded _____ Sold <input checked="" type="checkbox"/> Traded _____ Date <u>January 3, 20X6</u> Disposal Amount <u>\$80.00</u>			
YEAR	ANNUAL DEPRECIATION EXPENSE	ACCUMULATED DEPRECIATION	ENDING BOOK VALUE
20X1	\$400.00	\$400.00	\$600.00
20X2	240.00	640.00	360.00
20X3	144.00	784.00	216.00
20X4	86.40	870.40	129.60
20X5	29.60	900.00	100.00

3.

Plant asset:	<u>Color Printer</u>	Original cost:	<u>\$1,000.00</u>	
Depreciation method:	<u>Declining-balance</u>	Estimated salvage value:	<u>\$100.00</u>	
		Estimated useful life:	<u>5 years</u>	
Year	Beginning Book Value	Declining-Balance Rate	Annual Depreciation	Ending Book Value
20X1	\$1,000.00	40%	\$400.00	\$600.00
20X2	600.00	40%	240.00	360.00
20X3	360.00	40%	144.00	216.00
20X4	216.00	40%	86.40	129.60
20X5	129.60	--	29.60	100.00

21-1 PROBLEM (concluded)**2., 4., 6.**

PLANT ASSET RECORD No. <u>636</u>		General Ledger Account No. <u>1215</u>	
Description <u>Store Display</u>		General Ledger Account <u>Store Equipment</u>	
Date Bought <u>April 3, 20X1</u>	Number <u>754NFE</u>	Original Cost <u>\$4,460.00</u>	
Estimated Useful Life <u>6 years</u>	Salvage Value <u>\$500.00</u>	Depreciation Method <u>Straight-line</u>	
Disposed of: Discarded _____ Sold <input checked="" type="checkbox"/> Traded _____			
Date <u>June 29, 20X6</u>		Disposal Amount <u>\$1,075.00</u>	

YEAR	ANNUAL DEPRECIATION EXPENSE	ACCUMULATED DEPRECIATION	ENDING BOOK VALUE
20X1	\$495.00	\$ 495.00	\$3,965.00
20X2	660.00	1,155.00	3,305.00
20X3	660.00	1,815.00	2,645.00
20X4	660.00	2,475.00	1,985.00
20X5	660.00	3,135.00	1,325.00
20X6	330.00	3,465.00	995.00

3.

Plant asset: <u>Store Display</u>		Original cost: <u>\$4,460.00</u>	
Depreciation method: <u>Straight-line</u>		Estimated salvage value: <u>\$500.00</u>	
		Estimated useful life: <u>6 years</u>	

Year	Beginning Book Value	Annual Depreciation	Accumulated Depreciation	Ending Book Value
20X1	\$4,460.00	\$495.00	\$ 495.00	\$3,965.00
20X2	3,965.00	660.00	1,155.00	3,305.00
20X3	3,305.00	660.00	1,815.00	2,645.00
20X4	2,645.00	660.00	2,475.00	1,985.00
20X5	1,985.00	660.00	3,135.00	1,325.00
20X6	1,325.00	660.00	3,795.00	665.00
20X7	665.00	165.00	3,960.00	500.00